G.R.S. 11] 1914.

GENERAL AND REVENUE SECRETARIAT.

(G.T.)

NOTES

File No. 54-14

FILE HEADING.

The Mysore Spinning and Manufacturing Co. Ltd.

From

The Comptroller to Government,

No. 780/B2R. Dated 18.1.15 Received 19.1.15.

Diary No. 805	Enclos.	Spare Copies.	Serial No. 5

BRIEF ABSTRACT OF LETTER.

Forwards the report on the Examination of the accounts of the company for the year 1913-14 received from Mr. S. Shamanna, Asst Auditor.

NOTES AND ORDERS.

P2R

G.T. 12-13, Sls 9710, and G.T. 31-12, Sl. 324, relating to the Reports of the two previous years are put up.

2. The important features in the working of the Company during the year seem to be these:—

GPB—35,000—15-6-12

G. R. S. 12]

General and Revenue Secretariat. | G.7 File No. 54 of 1914.

Serial No.

(i) Increase of Rs 50,000 of the issued capital of the Company.

(ii) Addition to the value of the land, buildings & machinery by further structures raised and repairs effected.

(iii) Increase in the amounts credited to the Reserve and Depreciation funds — Rs 15,000 & Rs 37000 against Rs 5,000 and Rs 36000 during the previous year.

3 In G.O no. 7E3149-57 / G.7 12-13-10 dt. 16.1.14, reviewing the report of the previous year and also in the G.O of the year before that, Govt directed that the Dharmas fund shall be kept separate & that it shall be credited with interest when utilised as working capital. In para 15 of the present report it is stated that the balance at the credit of the fund is not invested separately & that interest is not also credited to it as directed. The Auditor however, doubts if Govt can compel the Company to adopt the procedure against its will.

Encls to Paper under Despl.

NOTE—Contn. sheet.

GPB—25,000—2-11-14

G. R. S. 12]

General and Revenue Secretariat. | Gj. 7 File No. 54 of 1914.

Serial No.

employees of the Hospital.

9. (2) 3 lakhs was due towards principal and the interest due is being paid every year.

10. (3) The general property of the Mill serves as additional security to all creditors - The following may be regarded as increasing the Value of the Security for Govt -

(1) The Value of the fixed assets mortgaged to Govt after deducting depreciation is 6,71,399 this year - In the preceding year it was & machinery worth 4.3.193 was added renewed or replaced during the year - A new go-down is being built, some more land has been acquired and enclosed and the sprinkler installation set up - All these enhance the Value of the property which is mortgaged to Govt -

(2) - 15,000 has been taken to the credit of reserve fund raising the balance to 20,000 - This is also a security to all creditors -

11. The draft may be approved

(Sd) Devan)

4/2

4312

NOTE—Comm. sheet.

GPB—25,000—2-11-14

[G. R. S. 12]

General and Revenue Secretariat. | G.7 File No. 54 of 1914.

Serial No.

Draft approved by Dewan

12. 2. 15

Noted. 4237 13/2

Noted 13/2

Note of the Dewan's remark on draft. 15/2

4237 6

To

The comptroller

Mr S. Shamanna, Asst Secy

Messrs N. Sivan Pea, Agents.

The Elysole Spinning & Mfg. Coy. Bombay.

Fl 4237-9 d 19-2-15

Review of Govt on the Report of the Government Auditor, on the working of the Elysole Spinning and Manufacturing Company, Bombay.

NOTE—Contn. sheet.

GPB—25,000—2-11-14

Reviews the Govt auditor report on the working of the Mysore Spinning Manufacturing Co.

11

G.R.S. 28]

161

File No. 54-14

Serial No. 6

Diary No. of letter replied to 805.

Proceedings of the Government of His Highness the Maharaja of Mysore

GENERAL AND REVENUE SECRETARIAT.

(G.7)

, *the* 191 .

Paper under disposal

Date of issue

Signed by

READ—

Memo no 780 dy 11.1.15 B&R from the Comptroller and Government Director of the Mysore Spinning and Manufacturing Company Ltd, forwarding the Govt auditor's report on the working of the Company for the year 1913-14

ORDER THEREON. ~~No.~~

Order thereon no 7L4237-9 dy 19-2-15

Recorded.

SUBJECT.

GPB—50,000—1-12-12

2. Govt note with satisfaction that the working of the Company during the year has been more prosperous than in the previous year. Besides being able to declare a dividend of 6% as in the latter year, ~~they have been enabled~~ the Company has to credit, out of the profits, Rs 15,000 towards the Reserve Fund Rs 37,000 towards the Depreciation Fund against Rs 5,000 & Rs 36,000 resp^s during the previous year. The increase in the total issued capital and in the value of the total fixed assets are also satisfactory features.

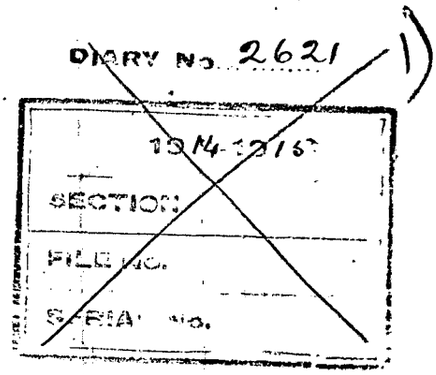
[illegible] Sri S. Shamanna is permitted to take the balance of the audit fee viz Rs 50/- ~~only~~ [illegible]

Such expenses may not be allowed in future 12.2.15

12.2.15
RC

12.2.15
Jt Secy.
30/1

To the Comptr, Mysore Govt
// Mr S. Shamanna, Govt auditor
Messrs N. Sivan & Co, Agents, the Mysore Spinning & Manufacturing Co, Ltd, Bombay.



Report ~~of~~ on the Examination of the accounts of the Mysore Spinning and Manufacturing Company for 1913-14.

-----ooOoo-----

A copy of the Balance Sheet and Profit and Loss Account of the Mysore Spinning and Manufacturing Company Limited for the year ended 28th February 1914 is herewith put up. The Balance Sheet and the Profit and Loss Account as published by the Company were examined with the Subsidiary Registers and Books kept at Bangalore and Bombay and were found to be correct.

2. The Balance Sheet of the Company as prepared this year, is in conformity with the form prescribed in the new Company's Act and therefore differs somewhat in structure from the forms hitherto adopted.

Purchases.

3. The Bought Book was checked with the invoices

invoices of the Firms from whom purchases were made and the chief items of purchases made during the year are as noted below., The figures of the previous year are also given for comparison:--

	1912-13		1913-14	
	Quantity	Cost Rs.	Quantity	Cost Rs.
Cotton lbs.	28,53,287	917327	26,89,246	896,499
Wheat Seers.	6,26,174	88740	lb. 67,646	52,711
Coal Tons.	----	----	----	218
Fuel "	5809	47,875	3,490	32,536
Machinery and Accessories	-----	2948	----	8181
Stores.	-----	81,148	----	93,171
Live and Dead Stock.	-----	5453	----	3996
Machinery.	-----	37,336	----	43,193
Waste.	-----	-----	-----	5626

4. The price of cotton went up high during the year by Rs.6/- a candy of 500 lbs due to fluctuation in the market.

5. The debit of Rs.43193/- to machinery is -- accounted for by the additions and renewals to the machinery of 1 Drawing Frame. 1 Slubbing Frame. 2. Intermediates. 2 Rovings. 1 Hppper Feeder. 2 Scutchers. 4 Ring Frames. and 1 Willow machine. In the opinion of the Directors, the mill is now well equipped to take every advantage of the trade.

3)

Arrangements are being made for the extension of the weaving shed and to work the new machinery to be fitted in connection therewith by Electric Power.

6. The results of the working capacity of the mill in the year as compared with those of the past two years are as noted below:--

	1911-12.	1912-13.	1913-14.
1. Cotton consumed lbs.	20,51,151	22,14,733	24,01,654
2. Yarn produced --	18,04,825	19,30,387	21,13,856
3. Cloth manufactured --	9,73,187	10,04,028	10,13,669
4. Flour mill outturn seers.	10,87,324	12,72,826	10,61,353

The productions of yarn and cloth ~~are~~ thus seen to be on the increase, while the flour mill outturn for the year does not shew similar expansion due, it is said to there being not sufficient demand owing to consumptic of flour from up-country and to local competition.

7. The manufactures during the year, were as usual, yarn, cloth, soji, flour, fran and tents.

8. The issues of cotton, yarn and wheat and the production of yarn, cloth and soji are noted below for comparison:-

	Issues.		Production.
	1911-12.	1912-13.	1913-14.
Cotton lbs.	2051151	2214733	2401654
Yarn "	809928	810642	817840
Wheat Seers	480886	558595	761154 lbs.

240 lbs 100 seers.

4)

Production.

	1911-12.	1912-13.	1913-14.	Cost.
Yarn lbs.	1804825	1930387	2012953	944756
Cloth "	973187	1004028	~~1272936~~ 10.13.669	~~1061353~~ 6.68.388
Soji Sun	10.87.322	12.72.826	10.61.353	72.051

9. The cost price of production per pound is as follows:--

	1911-12.	1912-13.	1913-14.
Yarn per lb.	0- 8- 1.4	0- 7- 3.7	0- 7- 6.1
Cloth	0- 8- 10	0-10- 1.1	0-10- 6.6
Flour	0- 0- 9	0- 1- 0.9	0- 1- 1

The increases in the cost of productions of yarn and cloth is due to the high price of cotton as stated above.

Sales.

10. The Sold Book was checked with the Delivery Orders. The sales effected during the year are as noted below.

	1911-12.	1912-13.	1913-14.
Yarn per lbs.	Quantity and cost Rs	Quantity and cost. Rs	Quantity and cost. Rs
	1101289- 566802	1963636-974220	2069338 - 1037228
Cloth lbs	1031347- 678829	985194 -646676	1037416- 690941
Flour mill out-turns.	1074551- 66838	1279096- 87558	--1057252- 73886
Waste			10612
Sundry earnings.		1391	~~1391~~- 2128

11. The above figures give a selling rate per lb. as follows:-

Rs.324593-9-5 at the close of the year against Rs. 261428-1-0 at the end of the previous year.

14. The advances to the Company by the agents have been reduced during the year from Rs.62853/- to Rs. 53805/-.

15. Dharmow:--The balance at the credit of this account at the end of the year amounted to Rs.2980/- against Rs.2157 in the previous year. This balance is not invested separately nor is interest allowed on it while it is utilised as working capital though in Government Order No: *3149-51/97 12-13-10 dated 16.1.1914 Government directed the adoption of such a course. It is however doubtful if Government can compel the company to adopt it against its will.

16. Depreciation Fund:--In former years, there used to be only one fund for all the ~~profits~~ properties of the company. It has now been split up into two, one for buildings, and the other for machinery and the amount at their credit is shown in the Balance Sheet as deductions from the value of the property, instead of as separate funds on the liabilities side, in accordance with the new

new company's act. This method tends to the valuation of the assets being shewn more accurately in the Balance Sheet.

17. During the year under report a sum of Rs.37,000/- has been set aside for depreciation, out of the profits, 5,000 being for buildings and 32,000 for machinery. These represent about 2½ percent on the value of the buildings and 5 percent on the value of machinery.

18. It is however to be noted that repairs, renewals and replacements of machinery of the value of Rs.22870-7-8 were charged to the 'depreciation fund' so that the net addition to the machinery depreciation fund during the year was about Rs.9130/-. The amount of depreciation written off at the close of the year was Rs.26,500/- for buildings and Rs.115,294-12-0 for machinery.

19. The sums taken to the credit of the Depreciation Fund and charged to it on account of repairs renewals etc. during the last few years are shewn below:--

Year.	Amount set aside to credit of Fund.	Amount charged on account of repairs etc.,
1910	11,491- 0- 2	22,317- 2- 9
1911	2,934- 4- 5	10,354-14-10
1912	30,000- 0- 0	18,211-11- 5
1913	36,000--0- 0	28,793-12- 6
1914	37,000- 0- 0	22,870- 7- 8

It will be noticed that during 1910 and 1911 the amount of repairs etc., was more than the amount credited to the Fund, while it is only during the last

last ~~two~~ three years that there have been net additions to the fund.

20. The lands, buildings and machinery of the Company are valued as per Balance Sheet at Rs.6,81,598-5-1. During the year the South end road was completed at a cost of Rs.415-2-11 and a sum of Rs.1055-13-2 was ~~also~~ spent on levelling some building sites which came to the possession of the company under an agreement with the Bangalore City Municipality. The second cotton godown that was under construction during the previous year, was completed at a total cost of Rs.10,408/- of which Rs.7,196-6-0 was spent during this year. The sprinkler Tower work is in progress and a sum of Rs.5,525/- was spent during the year on this account. Arrangements are being made for the construction of a new block of buildings for the office. A sum of Rs.200/- was paid in this connection to the designers. Excavation work for the proposed compound wall of the mill premises has been started,

21. Machinery:- The movable assets have also been adequately strengthened by fresh additions and repairs as follows:--

Additions and Renewals.	Rs.	43,193- 2- 7
Sprinkler installation.		1,284- 9- 3
Repairs to spinning.		2,344-10- 3
weaving.		1,775- 1- 2

Thus the value of the total fixed assets martgaged to the Government is Rs.671399/- and is more than double th amount of loan advanced. Both the movable and fixed assets have been insured for a sum of Rs.15,41,600/-.

22. Stock:-- In accordance with para 2 of Government Order No:F.L 3305/三. Fl. 1-07-16 of 7th January 1908, complete stock of all stores and stock was taken by an Accountant deputed from the Comptroller's Office (Publi Works Branch) during the fortnight ending with 28th February 1914. The more important articles of stock and stores were also examined by me on the last day of the year.

23. The stock in trade on this date amounted to Rs. 498620/- against Rs.489244/- in the previous year. The tent manufacture has been stopped owing to the absence of demand for that article and the previous year's stock of Rs.2534/- remains unchanged. It is understood that steps are being taken to dispose of this old stock-- a very desirable measure, as otherwise it may deteriora and lose value.

24. The advances on machinery, stores and buildings materials have all been adjusted since.

25. Live and Dead Stock:-- The rate of depreciation for this has been reduced to 5 percent from 10 percent as the latter rate adopted in former years had resulted in bringing down the value of the stock much below the market valuation.

26. Cash ~~Book~~ and Bank Balances:--The Cash Balance at Bangalore on 28th February 1914 and the Bank balances were examined and verified.

27. Profit and Loss account:- The total profits earned by the Company during the year amounted to Rs.85,275-11-0, after meeting all charges in the mills at Bangalore and the head office at Bombay. Out of this, a sum of Rs.37,000/- was set apart for depreciation by the Directors. The general meeting of shareholders approved of the appropriation of the balance as follows:-

(1) Rs.2,000/- for Bonus to company's employee's.
(2) Rs.15,000/- for Reserve Fund.
(3) Rs.16,350/- for dividends at 6 percent.

28. Owing to the new method of calculating agent's commission on a poundage basis, lately sanctioned by the shareholders, the amount of agent's commission during the year shews a marked advance on the amounts paid during previous years as will be seen from the - - - - - - -

The Mysore Spinning and Manufacturing Company, Limited.

Directors' Report for the year ended 28th February 1914.

To

THE SHAREHOLDERS OF

The Mysore Spinning and Manufacturing Company, Limited.

GENTLEMEN,

1. The Directors beg to submit their report together with the Balance Sheet and Profit and Loss Account for the year ended 28th February 1914 duly audited.

2. The Accounts show a profit of Rs. 85,275-2-11 on the year's working which with the balance of Rs. 492-7-11 at credit of last account makes a total of ... ... Rs. 85,767 10 10

From the above sum the Directors paid an *ad-interim* Dividend of Rs. 7½ per share of Rs. 250 and Rs. 1½ per share of Rs. 50 or 6 per cent. per annum ...	Rs.	14,850	0	0
and have now set aside towards depreciation of—				
Machinery...	Rs.	32,000	0	0
Buildings ...	,,	5,000	0	0
	,,	51,850	0	0
This leaves a balance of ... ... which it is proposed to deal with as follows :—	Rs.	33,917	10	10
Final Dividend at the rate of Rs. 7½ per share of Rs. 250 each and Rs. 1½ per share of Rs. 50 each or 6 per cent. per annum	Rs.	16,350	0	0
Bonus to Company's Employees ...	,,	2,000	0	0
Reserve Fund	,,	15,000	0	0
To carry to next year's account ...	,,	567	10	10
	Rs.	33,917	10	10

3. In the year under report new machinery consisting of 1 Drawing Frame, 1 Slubbing Frame, 2 Intermediates, 2 Rovings, 1 Hopper Feeder, 2 Scutchers, 4 Ring Frames and 1 Willow Machine were fitted up at the Mills. The Directors feel gratified that as a result of their policy of improving the machinery which they have steadily pursued, the Mill is now well equipped to take every advantage of the trade. The quality of the goods manufactured by the Company fully retains its reputation in the market.

4. The Mill property and stocks are insured for Rs. 15,41,600 and the profits and standing charges for £12,000.

5. Mr. James H. Latimer proceeded to Europe on leave in April last and is expected to rejoin the Board in December next. The Hon'ble Mr. Lalubhai Samaldas, C.I.E., retires by rotation from the Board, but is eligible for re-election.

6. Mr. Atmaram Balcrustna Kirtikar having resigned his office as Auditor, the Directors have appointed Messrs. K. S. Aiyar & Co., in his place. Messrs. A. F. Ferguson & Co. and Messrs. K. S. Aiyar & Co. offer themselves for election as Auditors for the ensuing year along with the nominee of the Government of Mysore

I am, Gentlemen,

Yours faithfully,

V. S. RODRIGUES,

Chairman.

The Mysore Spinning and Manufacturing

BALANCE SHEET

Dr. *As at 28th February 1914.* *Cr.*

CAPITAL AND LIABILITIES.

	Rs. a. p.	Rs. a. p.
CAPITAL—		
Authorised Capital—		
2,500 Shares of Rs. 250 each	6,25,000 0 0	
1,500 „ „ 50 „	75,000 0 0	
	7,00,000 0 0	
Issued Capital—		
2,100 Shares of Rs. 250 each	5,25,000 0 0	
290 „ „ 50 „	14,500 0 0	
Due to shareholders of the Maharaja of Mysore Spinning and Manufacturing Company, Limited—		
110 Shares of Rs. 50 each	5,500 0 0	
	5,45,000 0 0	
Subscribed Capital (in Cash)—		
1,040 Shares of Rs. 250 each	2,60,000 0 0	
178 „ „ 50 „	8,900 0 0	
	2,68,900 0 0	
Amount called up—		
On 842 Shares at Rs. 250 each ...	2,10,500 0 0	
„ 168 „ „ 50 „ ...	8,400 0 0	
„ 198 „ „ 100 „ ...	19,800 0 0	
„ 10 „ „ 20 „ ...	200 0 0	
	2,38,900 0 0	
Less—Calls in arrears	1,255 0 0	
	2,37,645 0 0	
Add—Amount received in advance ...	2,250 0 0	
	2,39,895 0 0	
Fully paid Shares issued to Shareholders of the old Company:—		
840 Shares of Rs. 250 each	2,10,000 0 0	
110 „ „ 50 „	5,500 0 0	
110 „ „ 50 „ still to be issued ...	5,500 0 0	
Fully paid Shares issued to Creditors in satisfaction of their claim:—		
220 Shares of Rs. 250 each	55,000 0 0	
2 „ „ 50 „	100 0 0	
	5,15,995 0 0	
Add—Amount paid up on forfeited Shares	1,410 0 0	5,17,405 0 0
RESERVE FUND		5,000 0 0
MORTGAGE—		
Government of Mysore		3,00,000 0 0
LOAN SECURED ON STOCK—		
Bank of Madras		3,24,523 9 5
UNSECURED LOANS—		
Loan Account	45,684 8 7	
N. Sirur & Co.	53,804 13 5	
Deposits	26,743 10 9	
		1,24,233 0 9
INTEREST ACCRUED ON MORTGAGE AND SECURED LOAN		21,715 4 2
UNCLAIMED DIVIDENDS		11,406 0 0
LIABILITIES—		
For Goods supplied	20,657 8 0	
Expenses	11,560 9 5	
Interest accrued on Unsecured Loans ...	1,777 9 9	
Other Finance	2,183 14 9	
Provident Fund	2,496 8 8	
Unclaimed Wages	1,195 11 9	
Dharmao Account	2,980 4 8	
		42,352 3 0
PROFIT AND LOSS ACCOUNT—		
Balance as per annexed Account ...		33,917 10 10
Rupees ...		13,81,122 12 2

PROPERTY AND ASSETS.

	Rs. a. p.	Rs. a. p.	Rs. a. p.
FIXED CAPITAL EXPENDITURE—			
Land—			
Total cost to 28th February 1913	7,444 0 4		
Additions during the year.	1,549 12 1		
		8,993 12 5	
Casaurina Plantation		1,205 2 4	
			10,198 14 9
Buildings—			
Total cost to 28th February 1913... ...		1,89,889 2 5	
Additions during the year...		12,358 12 9	
		2,02,197 15 2	
Less—Depreciation written off in previous years ...	21,500 0 0		
This year	5,000 0 0		
		26,500 0 0	
			1,75,697 15 2
Machinery—			
Total cost to 28th February 1913... ...		5,83,209 4 6	
Additions during the year...		25,726 15 6	
		6,10,936 4 0	
Less—Depreciation written off in previous years ...	1,66,165 4 6		
Less—Repairs, Renewals and Replacements during the year	22,870 7 8		
	88,294 12 10		
Add—Depreciation written off this year	52,000 0 0		
		1,15,294 12 10	
			4,95,641 7 2
Furniture and Fixtures—			
At cost, less depreciation			5,223 4 6
			6,86,821 9 7
LOOSE PLANT, STORES AND SPARE GEAR ...			69,105 9 11
LIVE STOCK			250 0 0
STOCK-IN-TRADE AS PER CERTIFIED INVENTORIES—			
Yarn, Cloth at prices of sales as per contracts		1,55,573 6 9	
Cotton, Waste, and Wheat at cost ...		3,62,161 0 4	
Goods on Consignment		882 7 3	
			4,18,619 14 4
BOOK DEBTS—			
Debts considered good		47,305 4 1	
Debts considered doubtful...		1,044 8 5	
			48,349 12 6
ADVANCES—			
On Machinery, Stores and Building Materials		30,226 9 11	
Unexpired Premiums		7,594 5 6	
			37,820 15 5
CASH AND BANK BALANCES—			
Cash at Mills at Bangalore...		1,160 1 2	
Cash at Head Office...		4,598 13 7	
Balance at the National Bank of India on Current Account		28,878 7 10	
Balance at the Bank of India on Current Account		3,698 7 10	
			38,341 14 5
Rupees ...			13,81,122 12 2

We have examined the above Balance Sheet with the Books and Vouchers kept at the Head Office in Bombay and Certified Copies of the Monthly Cash Accounts from March 1913 to February 1914, together with their accompanying Vouchers received from the Mill at Bangalore, and we beg to report that we have obtained all the information and the explanations we have required and that in our opinion such Balance Sheet exhibits a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

We further beg to report that such Balance Sheet is drawn up in conformity with Law.

A. F. FERGUSON & Co., Chartered Accountants,
ATMARAM BALCRUSTNA KIRTIKAR, } *Auditors.*

BOMBAY, *5th September* 1914.

The above Balance Sheet, to the best of our belief, contains a true account of the Capital and Liabilities and of the Property and Assets of the Company.

V. S. RODRIGUES, *Chairman*,
LALUBHAI SAMALDAS,
K. S. RAMSWAMI IYER,
DATTATRAYA N. SIRUR, } *Directors.*

N. SIRUR & Co.,
Agents.